

File No. 211150

Committee Item No. 10

Board Item No. 22

# COMMITTEE/BOARD OF SUPERVISORS

## AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee  
Board of Supervisors Meeting

Date November 17, 2021  
Date November 30, 2021

### Cmte Board

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- Resolution
- Ordinance
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- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

### OTHER (Use back side if additional space is needed)

- FYI Referral 11/9/21
- SBC Referral 11/9/21
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
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- \_\_\_\_\_

Completed by: Brent Jalipa Date November 12, 2021  
Completed by: Brent Jalipa Date November 19, 2021

[Business and Tax Regulations Code - Temporary Suspension of Cannabis Business Tax]

**Ordinance amending the Business and Tax Regulations Code to suspend the imposition of the Cannabis Business Tax through December 31, 2022.**

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font. **Additions to Codes** are in *single-underline italics Times New Roman font*. **Deletions to Codes** are in *strikethrough italics Times New Roman font*. **Board amendment additions** are in double-underlined Arial font. **Board amendment deletions** are in ~~strikethrough Arial font~~. **Asterisks (\* \* \* \*)** indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The Business and Tax Regulations Code is hereby amended by revising Section 3003 of Article 30, to read as follows:

**SEC. 3003. IMPOSITION OF TAX.**

\* \* \* \*

(c) The imposition of the Cannabis Business Tax under this Section 3003 shall be suspended for the 2021 and 2022 tax year~~s~~.

Section 2. Effective Date; Retroactivity.

(a) This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor’s veto of the ordinance.

1 (b) Upon the effective date of this ordinance, this ordinance shall be retroactive to  
2 January 1, 2022.

3  
4 Section 3. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors  
5 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,  
6 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal  
7 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment  
8 additions, and Board amendment deletions in accordance with the "Note" that appears under  
9 the official title of the ordinance.

10  
11 APPROVED AS TO FORM:  
12 DENNIS J. HERRERA, City Attorney

13 By: /s/ Scott M. Reiber  
14 SCOTT M. REIBER  
Chief Tax Attorney

15 n:\legana\as2021\2200163\01562517.docx

<p><b>Item 10</b> <b>File 21-1150</b></p>	<p><b>Department:</b> Treasurer-Tax Collector</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed ordinance amends Section 3003 of the Business and Tax Regulations Code to further suspend the imposition of the Cannabis tax until January 2023.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• In November 2020, the Board of Supervisors approved an ordinance that delayed the imposition of the tax through December 2021. No tax revenue is expected to be collected in FY 2021-22.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• According to the Controller’s Office, the Cannabis tax is expected to generate \$8.8 million per fiscal year. If the tax becomes effective starting January 1, 2023, then collections would commence in 2024. Therefore, the estimated revenue loss resulting from the proposed ordinance would be \$8.8 million in FY 2022-23.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Because this reduces General Fund revenues, approval of the proposed ordinance is a policy matter for the Board of Supervisors.</li> </ul>	

**MANDATE STATEMENT**

According to City Charter Section 2.105, all legislative acts shall be by ordinance and require the affirmative vote of at least a majority of the members of the Board of Supervisors.

**BACKGROUND**

In November 2018, approximately 66 percent of San Francisco voters approved Proposition D, the Cannabis Business Tax effective January 1, 2021. The proposition levies a gross receipts tax of 1 percent to 5 percent on recreational cannabis businesses. In November 2020, the Board of Supervisors approved an ordinance that delayed the imposition of the tax through December 2021. Because the Treasurer-Tax Collector is not collecting prepayments on this tax, no tax cannabis tax revenues are expected to be collected during FY 2021-22.

**DETAILS OF PROPOSED LEGISLATION**

The proposed ordinance amends Section 3003 of the Business and Tax Regulations Code to suspend the imposition of the Cannabis tax by one additional year through 2022.

**FISCAL IMPACT**

According to the Controller's Office, the Cannabis tax is expected to generate \$8.8 million per fiscal year. Under the proposed ordinance, the tax would go into effect on January 1, 2023 and the tax would be due February 2024. Therefore, the revenue loss resulting from the proposed ordinance would be \$8.8 million in FY 2022-23. Because this reduces General Fund revenues, approval of the proposed ordinance is a policy matter for the Board of Supervisors.

**RECOMMENDATION**

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. (415) 554-5184  
Fax No. (415) 554-5163  
TDD/TTY No. (415) 554-5227

## MEMORANDUM

TO: Marisa Rodriguez, Director, Office of Cannabis  
Jose Cisneros, Treasurer, Office of the Treasurer and Tax Collector  
Ben Rosenfield, City Controller, Office of the Controller

FROM: Brent Jalipa, Assistant Clerk  
Budget and Finance Committee

DATE: November 9, 2021

SUBJECT: LEGISLATION INTRODUCED

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The Board of Supervisors' Budget and Finance Committee has received the following proposed legislation, introduced by Supervisor Mandelman on November 2, 2020:

**File No. 211150**

**Ordinance amending the Business and Tax Regulations Code to suspend the imposition of the Cannabis Business Tax through December 31, 2022.**

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: [linda.wong@sfgov.org](mailto:linda.wong@sfgov.org).

c: Ray Law, Office of Cannabis  
Amanda Kahn Fried, Office of the Treasurer and Tax Collector  
Todd Rydstrom, Office of the Controller  
Peg Stevenson, Office of the Controller

BOARD of SUPERVISORS



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San Francisco 94102-4689  
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Fax No. (415) 554-5163  
TDD/TTY No. (415) 554-5227

## MEMORANDUM

TO: Regina Dick-Endrizzi  
**Small Business Commission, City Hall, Room 448**

FROM: Brent Jalipa, Assistant Clerk  
Budget and Finance Committee

DATE: November 9, 2021

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS  
Budget and Finance Committee

The Board of Supervisors' Budget and Finance Committee has received the following legislation, which is being referred to the Small Business Commission for comment and recommendation. The Commission may provide any response it deems appropriate within 12 days from the date of this referral.

**File No. 211150**

**Ordinance amending the Business and Tax Regulations Code to suspend the imposition of the Cannabis Business Tax through December 31, 2022.**

Please return this cover sheet with the Commission's response to Linda Wong at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

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**RESPONSE FROM SMALL BUSINESS COMMISSION - Date: \_\_\_\_\_**

**No Comment**

**Recommendation Attached**

\_\_\_\_\_  
**Chairperson, Small Business Commission**

**From:** [Ryan McGilley](#)  
**To:** [Haney, Matt \(BOS\)](#); [Safai, Ahsha \(BOS\)](#); [Mar, Gordon \(BOS\)](#); [Barnett, Monica \(BOS\)](#); [Jones, Ernest \(BOS\)](#); [li.miao.lovett@sfgov.org](mailto:li.miao.lovett@sfgov.org); [Jalipa, Brent \(BOS\)](#)  
**Cc:** [Jim Araby](#); [Mandelman, Rafael \(BOS\)](#); [Temprano, Tom \(BOS\)](#)  
**Subject:** UFCW 5 Support for Temporary Suspension of Cannabis Business Tax  
**Date:** Tuesday, November 16, 2021 12:34:52 PM  
**Attachments:** [SF Supervisors 11.16.21.pdf](#)

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This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Hello Member of the Budget & Finance Committee,

We at UFCW Local 5 would like to share a letter expressing our support for Supervisor Mandelman's Ordinance amending the Business and Tax Regulations Code to suspend the imposition of the Cannabis Business Tax through December 31, 2022.

Ryan McGilley 麥偉文  
Organizer  
UFCW 5  
(415)867-7549



**John Nunes**  
President

**Jack Landes**  
Secretary - Treasurer

**Main Office:**  
**United Food & Commercial Workers Union, Local 5**  
28870 Mission Boulevard  
Hayward, CA 94544 5510  
(510) 889 0870  
Fax: (510) 889 6415  
Toll Free: (877) 655 FIVE  
[www.ufcw5.org](http://www.ufcw5.org)

240 South Market Street  
San Jose, CA 95113 2310  
(408) 998 0428  
Fax: (408) 971 8355

323 Miller Avenue  
So. San Francisco, CA 94080  
(650) 871 5730  
Fax: (650) 871 3504

4121 Alhambra Avenue  
Martinez, CA 94553 3823  
(925) 228 8800  
Fax: (925) 228 8355

1145 North Main Street  
Salinas, CA 93906 3614  
(831) 757 3094  
Fax: (831) 757 9115

323 Geary Street, Room 709  
San Francisco, CA 94102  
(415) 693 0143  
Fax: (415) 675 7645

85 Galli Drive, Suite H  
Novato, CA 94949 5716  
(415) 883 6833  
Fax: (415) 883 1043

840 E Street, Suite 8  
Eureka, CA 95501 6804  
(707) 442 1751  
Fax: (707) 442 9572

Dear Supervisors,

On behalf of United Food and Commercial Workers Local 5, representing 30,000 workers in the Bay Area, including workers in San Francisco's cannabis industry, we are writing in support of Board of Supervisors File # 21150 - Ordinance amending the Business and Tax Regulations Code to suspend the imposition of the Cannabis Business Tax through December 31, 2022.

The UFCW has helped lead the development and stabilization of the emerging cannabis sector through our Cannabis Workers Rising campaign since 2010. Local 5 was in the forefront of this movement, organizing the first unionized dispensaries nearly ten years ago. Our union now represents tens of thousands of cannabis workers across multiple states. The UFCW Local 5 cannabis members include workers in dispensaries, growing and cultivating facilities, manufacturing and processing facilities and laboratories. Proposition 64, which legalized adult use cannabis in California, established a 15% retail excise tax as well as a cultivation tax at the State level. The California Legislative Analyst's Office found that high State taxes on cannabis contribute to the ongoing prevalence of the illegal market. UFCW is working to reduce taxes at the state level so that we do not continue to fuel a illicit market which undermines our adult use industry and the good union jobs we are creating. The imposition of an additional local gross receipts tax in San Francisco while State taxes remain high runs the risk of further undermining our local legal market and the jobs that it creates.

UFCW Local 5 believes that approving this ordinance will help provide additional stability for workers in the emerging Cannabis industry in San Francisco and we urge the Board to vote to approve the ordinance.

Sincerely,



James Araby  
Director of Strategic Campaigns  
United Food & Commercial Workers Union Local 5

**From:** [Ali Jamalian](#)  
**To:** [Mar, Gordon \(BOS\)](#); [Quan, Daisy \(BOS\)](#); [Lovett, Li \(BOS\)](#); [Wright, Edward \(BOS\)](#); [Wong, Alan \(BOS\)](#)  
**Cc:** [Jalipa, Brent \(BOS\)](#)  
**Subject:** File # 211150 Business and Tax Regulations Code - Temporary Suspension of Cannabis Business Tax  
**Date:** Tuesday, November 16, 2021 12:40:57 PM

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This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Hello Supervisor Mar and staff,

I am reaching out to voice my strong support for Supervisor Mandelman's proposed legislation - File # 211150 [Business and Tax Regulations Code - Temporary Suspension of Cannabis Business Tax].

I urge you to continue the suspension of the cannabis gross receipt tax per Supervisor Mandelman's legislation, as this industry is not mature enough to sustain any additional tax burdens in addition to the incredibly high state taxes.

The cannabis industry is not only in its infancy, but also extremely capital-intensive for start-ups, leaving little room for our newly minted Social Equity Operators and legacy operators to pay a gross receipt tax.

Due to federal tax code 280e, cannabis businesses do not enjoy any significant tax deductions. As a result, the gross receipt tax burden would affect our industry disproportionately, to say the least.

As a budding Social Equity operator and the Chairman of the San Francisco Cannabis Oversight Committee, I urge you to support this legislation as it will help us to continue building a solid foundation for a strong, all-inclusive cannabis industry here in San Francisco.

Best regards,

Ali Jamalian

--

Ali Jamalian

President/Owner

**Kiffen LLC**

A verified equity operator

570 Bryant Street

SF, CA 94107

415.900.6868

**From:** [Ali Jamalian](#)  
**To:** [Safai, Ahsha \(BOS\)](#); [Morris, Geoffrea \(BOS\)](#); [Chung, Lauren \(BOS\)](#); [Jones, Ernest \(BOS\)](#); [Berenson, Samuel \(BOS\)](#); [Jalipa, Brent \(BOS\)](#)  
**Subject:** File # 211150 [Business and Tax Regulations Code - Temporary Suspension of Cannabis Business Tax]  
**Date:** Tuesday, November 16, 2021 12:42:39 PM

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Hello Supervisor Safai and staff,

I am reaching out to voice my strong support for Supervisor Mandelman's proposed legislation - File # 211150 [Business and Tax Regulations Code - Temporary Suspension of Cannabis Business Tax].

I urge you to continue the suspension of the cannabis gross receipt tax per Supervisor Mandelman's legislation, as this industry is not mature enough to sustain any additional tax burdens in addition to the incredibly high state taxes.

The cannabis industry is not only in its infancy but also extremely capital-intense for start-ups, leaving little room for our newly minted Social Equity Operators and legacy operators to pay a gross receipt tax.

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As a budding Social Equity operator and the Chairman of the San Francisco Cannabis Oversight Committee, I urge you to support this legislation as it will help us to continue building a solid foundation for a strong, all-inclusive cannabis industry here in San Francisco.

Best regards,

--

Ali Jamalian

President/Owner

**Kiffen LLC dba sunset connect**

A verified social equity operator

570 Bryant Street

SF, CA 94107

415.900.6868

**From:** [Ali Jamalian](#)  
**To:** [Haney, Matt \(BOS\)](#); [RivamonteMesa, Abigail \(BOS\)](#); [Zou, Han \(BOS\)](#); [Mahogany, Honey \(BOS\)](#); [Barnett, Monica \(BOS\)](#)  
**Cc:** [Jalipa, Brent \(BOS\)](#)  
**Subject:** File # 211150 [Business and Tax Regulations Code - Temporary Suspension of Cannabis Business Tax]  
**Date:** Tuesday, November 16, 2021 12:44:37 PM

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This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Hello Supervisor Haney and staff,

I am reaching out to voice my strong support for Supervisor Mandelman's proposed legislation - File # 211150 [Business and Tax Regulations Code - Temporary Suspension of Cannabis Business Tax].

I urge you to continue the suspension of the cannabis gross receipt tax per Supervisor Mandelman's legislation, as this industry is not mature enough to sustain any additional tax burdens in addition to the incredibly high state taxes.

The cannabis industry is not only in its infancy but also extremely capital-intense for start-ups, leaving little room for our newly minted Social Equity Operators and legacy operators to pay a gross receipt tax.

Due to federal tax code 280e, cannabis businesses do not enjoy any significant tax deductions. As a result, the gross receipt tax burden would affect our industry disproportionately, to say the least.

As a budding Social Equity operator and the Chairman of the San Francisco Cannabis Oversight Committee, I urge you to support this legislation as it will help us to continue building a solid foundation for a strong, all-inclusive cannabis industry here in San Francisco.

Best regards,

--

Ali Jamalian

President/Owner

**Kiffen LLC dba sunset connect**

A verified social equity operator

570 Bryant Street

SF, CA 94107

415.900.6868

President, District 10  
BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102-4689  
Tel. No. 554-6516  
Fax No. 554-7674  
TDD/TTY No. 544-6546

**Shamann Walton**

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**PRESIDENTIAL ACTION**

Date: 11/4/2021

To: Angela Calvillo, Clerk of the Board of Supervisors

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Madam Clerk,

Pursuant to Board Rules, I am hereby:

Waiving 30-Day Rule (Board Rule No. 3.23)

File No.

211150

Mandelman

(Primary Sponsor)

Title. [Business and Tax Regulations Code - Temporary Suspension of Cannabis Business Tax]

Transferring (Board Rule No 3.3)

File No.

(Primary Sponsor)

Title.

From:

Committee

To:

Committee

Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor:

Replacing Supervisor:

For:

(Date)

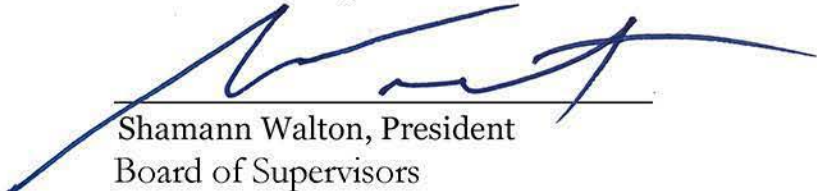
(Committee)

Meeting

Start Time:

End Time:

Temporary Assignment:  Partial  Full Meeting

  
Shamann Walton, President  
Board of Supervisors

# Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp  
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor  inquiries"
- 5. City Attorney Request.
- 6. Call File No.  from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic submitted for Mayoral Appearance before the BOS on

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.**

Sponsor(s):

Subject:

The text is listed:

Signature of Sponsoring Supervisor:

For Clerk's Use Only